MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BBF3094 – CREDIT MANAGEMENT

(All sections / Groups)

4 JULY 2023
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 2 pages with 4 Questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Students are allowed to use non-programmable scientific and financial calculators.
4. Please write all your answers in the Answer Booklet provided.

QUESTION 1

a. What is meant by a deferment package or moratorium on repayments, and what is the purpose behind implementing such a package?

(10 marks)

b. How can a financially troubled company cope with a difficult economic environment? Provide a brief overview of the aims and steps required under Sections 366 and 368 of the Malaysia Companies Act 2016 for a court-approved scheme of arrangement to be pursued as a solution.

(10 marks)

c. What are **5 (FIVE)** approaches that can be recommended for promoting financial institutions' services to potential customers in this digital era, and how can these strategies be effectively implemented and discussed?

(10 marks)

(Total: 30 marks)

QUESTION 2

a. Corporate loans may have a variety of covenants imposed to protect loan quality. Discuss examples of conditions that may be placed to safeguard loan quality?

(10 marks)

b. Why does dynamic provisioning is important? Explain the key principles.

(10 marks)

c. Product pricing methods are dictated by demand, competitor's pricing and cost structure. Elaborate on **(FIVE) 5** pricing methods that financial institutions may adopt.

(10 marks)

(Total: 30 marks)

QUESTION 3

What are the measures that credit officers can adopt when they suspect an applicant has utilized creative accounting methods? Please provide a brief explanation.

(Total: 10 marks)

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QUESTION 4

	RM in millions
Cash and cash equivalents	448.4
Receivables, net	1082.3
Unbilled Receivables, net	549.5
Inventory, net	1249.2
Other current assets	78.9
Other long-term assets	156.4
Share capital	94.8
Account payable	795.5
Customer advances	382.0
Payroll-related Obligations	183.6
Income taxes payable	73.5
Other current liabilities	307.3
Property land and equipment	573.6
Goodwill	995.7
Purchase intangible assets, net	432.3
Retained earnings	2505.0
Common stock shares outstanding 75,101,465 @ RM57.66 per share	
Long term liabilities	1224.6
Net Sales	8382.0
Cost of goods sold	6864.6
Selling and administrative expenses	683.5
General expenses	36.9

a. Based on the above information, prepare Balance sheet and income statement (partial)

(10 marks)

b. Based on the financial statements you prepared, assess the company's liquidity status and comments accordingly.

(5 marks)

c. Why liquidity management is significant to the survival of any company?

(5 marks)

d. Based on the financial statements you have prepared also, calculate the Altman Z score and interpret the results and each of the components.

(10 marks)

(Total: 30 marks)

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